Fiscal Estimate - 2005 Session

X	Original		Updated	C	orrected		Supplemental
LRB	Number	05-1545/1		Introdu	ction Numl	ber A	B-164
Subje							1
Adopt	the IRS prov	visions on tax ex	cemption of d	eath gratuity pay	ments to arme	d forces r	nembers
Fiscal	Effect					*	
	No State Fisc Indeterminat Increase Appropria Decrease Appropria	e Existing ations Existing	Reve Deci	ease Existing enues rease Existing enues	to abs		- May be possible n agency's budget No
	No Local Go Indeterminal 1. Increas Permis 2. Decrea	se Costs sive∭Mandato	3. ☐ Increory ☐ Pern 4. ☐ Decr	ease Revenue nissive	tory To		its Affected Village Cities Others WTCS Districts
Fund Sources Affected Affected Ch. 20 Appropriations							
⊠ GF	PR 🔲 FEL	PRO [] PRS []	SEG SEG			
Agend	y/Prepared	Ву	19 (19 (19 (19 (19 (19 (19 (19 (19 (19 (Authorized Sig	nature		Date
DOR/ Kirstin Nelson (608) 261-8984 Re				Rebecca Boldt (608) 266-6785 3/1			3/14/2005

Fiscal Estimate Narratives DOR 3/14/2005

LRB Number	05-1545/1	Introduction Number	AB-164	Estimate Type	Original				
Subject									
Adopt the IRS provisions on tax exemption of death gratuity payments to armed forces members									
	,	V							

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts, for state income tax purposes, sec. 102 of Public Law 108-121, the Military Family Tax Relief Act of 2003 (MFTRA). Sec. 102 doubles the military death benefit from \$6,000 to \$12,000 and the full amount of the benefit is excluded from income; previously, one-half of the benefit was taxable. Sec. 102 specifies that any future increases to the military death benefit would also be exempt under federal law. Assuming enactment by July 31, this bill would first apply to benefits paid in 2005. The federal exclusion applies to benefits paid on or after September 11, 2001; benefits paid from that date to December 31, 2004, would not qualify for the treatment under this law.

Based on the federal fiscal estimate made by the U.S. Joint Committee on Taxation for the military death benefit of \$12,000, the bill would result in a decrease in state revenue of less than \$50,000 annually. A recent Pentagon proposal includes an increase to the military death benefit to \$100,000. To the extent that the military death benefit is increased by such a large amount, the bill will result in a significantly greater loss of state revenues.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original Updated	Corrected [Supplemental
LRB Number 05-1545/1	Introduction Number	AB-164
Subject		
Adopt the IRS provisions on tax exemption o	of death gratuity payments to armed	d forces members
I. One-time Costs or Revenue Impacts for		
annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal I	mpact on funds from:
	Increased Costs	Decreased Costs
A. State Costs by Category		Amerika jerina na projekt da mana projekt ili sama na sakili.
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED	The state of the s	
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only w revenues (e.g., tax increase, decrease in l		crease state
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUA	ALIZED FISCAL IMPACT	
	<u>State</u>	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$Minimal	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Kirstin Nelson (608) 261-8984	Rebecca Boldt (608) 266-6785	3/14/2005